



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service  
1100 Commerce Street  
Dallas, TX 75242

November 18, 2009

Number: **201050036**  
Release Date: 12/17/2010

Taxpayer Identification Number:

Form:

**ORG  
ADDRESS**

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

UIL: 501.10-00

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Dear ,

We have enclosed a copy of our report of examination explaining why we believe an adjustment of your organization's exempt status is necessary.

If you do not agree with our position you may appeal your case. The enclosed Publication 3498, *The Examination Process*, explains how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

If you request a conference, we will forward your written statement of protest to the Appeals Office and they will contact you. For your convenience, an envelope is enclosed.

If you and Appeals do not agree on some or all of the issues after your Appeals conference, or if you do not request an Appeals conference, you may file suit in United States Tax Court, the United States Court of Federal Claims, or United States District Court, after satisfying procedural and jurisdictional requirements as described in Publication 3498.

You may also request that we refer this matter for technical advice as explained in Publication 892, *Exempt Organization Appeal Procedures for Unagreed Issues*. If a determination letter is issued to you based on technical advice, no further administrative appeal is available to you within the IRS on the issue that was the subject of the technical advice.

If you accept our findings, please sign and return the enclosed Form 6018, *Consent to Proposed Adverse Action*. We will then send you a final letter modifying or revoking exempt status. If we do not hear from you within 30 days from the date of this letter, we will process your case on the basis of the recommendations shown in the report of examination and this letter will become final. In that event, you will be required to file Federal income tax returns for the tax period(s) shown above. File these returns with the Ogden Service Center within 60 days from the date of this letter, unless a request for an extension of time is granted. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Nanette M. Downing  
Acting Director, EO Examinations

Enclosures:  
Publication 892  
Publication 3498  
Form 6018  
Report of Examination  
Envelope

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit
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**LEGEND**

ORG = Organization name      XX = Date      EIN = EIN      City = city  
 State = state      DIR-1 - 1<sup>st</sup> DIR      RA-1 = 1<sup>st</sup> RA      CO-1, CO-2, CO-3,  
 CO-4, CO-5, CO-6 & CO-7 = 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, & 7<sup>th</sup> COMPANIES

**ISSUE**

Whether ORG is operated exclusively for exempt purposes described within Internal Revenue Code section 501(c)(10).

**FACTS**

ORG (hereinafter "ORG") whose Employer Identification Number is EIN, was incorporated on August 31, 19XX. ORG was originally granted exemption on May 23, 19XX as a 501(c)(4) organization. On November 7, 19XX, the IRS changed their exempt status to IRC 501(c)(10). The modification did not change the way the lodges will operate. ORG maintains two liquor licenses. Their primary liquor license number is #, and this is to sell liquor by the drink by a tax exempt entity. Their secondary liquor license number is #, and this lets them sell liquor by the drink on Sundays.

In Chapter 311, Section 311.090 of the State Revised Statutes, Liquor Control Law, "in order for a licensee to sell intoxicating liquor outside city limits, a licensee must meet certain provisions such as having obtained an exemption from the payment of federal income taxes as provided in IRC sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(7), 501(c)(8), 501(c)(10), 501(c)(19), or 501(d) of the United States Internal Revenue Code of 19XX, as amended in any incorporated city having a population of less than 19,500 inhabitants as determined by the last decennial census under the provisions and methods set out in this chapter." Also, in Chapter 311, Section 311.097 of the State Revised Statutes, Liquor Control Law states "that an organization can obtain a license to sell liquor by the drink if at least 50% of the gross income of which is derived from the sale of prepared meals or food consumed on such premises or which has an annual gross income of at least \$ from the sale of prepared meals or food consumed on such premises. ORG was unable to meet the food sales requirements. Since DIR-1 inception with the ORG she has been able to sell liquor by the drink because of his organization's exemption from Federal income tax under IRC 501(c)(10).

The examining agent asked how DIR-1 heard about the ORG organization (see Exhibit B, 1<sup>st</sup> page, 3<sup>rd</sup> sentence) she replied, "*By word of mouth.*" The individual that informed DIR-1 about the ORG provided her information on how to contact RA-1, National Commander, of the CO-1 in City, State. RA-2 helped DIR-1 in completing the necessary administrative papers to be filed by the State of State and the federal government. During our interview on July 30, 20XX I asked DIR-1 why she joined the ORG, and her response was, "*it allowed us to obtain a liquor license.*" (See page #1 of work paper C1-1.1)

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During our interview on July 30, 20XX, the examining agent asked the officer, (DIR-1) who owns the building, (See Exhibit B, 1<sup>st</sup> page, 2<sup>nd</sup> sentence) and DIR-1 replied, "*The neighborhood tavern has been owned and operated by my family since 19XX. DIR-1 took over the family business in 19XX.*" DIR-1 never transferred ownership of the building or any other assets to the parent organization. Instead, she pays the ORG Headquarters \$ per year to lease the building and its contents.

During our initial interview, I asked DIR-1 how the business operated before becoming a member of the ORG, and her response was (See exhibit B, 1<sup>st</sup> page, 6<sup>th</sup> sentence), "*we did not sell liquor at the tavern before becoming a member of the ORG.*" ORG has a bar area for liquor and beer sales. There are a few tables with chairs and bar stools located throughout the bar for patrons to sit and drink. ORG has a juke box, two pool tables, an ATM machine, a vending machine that sells chips and candy, and a microwave used to heat up frozen pizzas, hamburgers, and other quick items. At one time, ORG used to have a kitchen to serve prepared food, but was closed down because the kitchen failed inspection from the health department. ORG has one big screen television, and a smaller television that displays video . There's a small sign that reads, ORG. ORG receives substantially all of its income from its liquor, food sales, and gaming equipment.

During our initial interview, I asked DIR-1 if ORG is open to the public, and her response was (Exhibit B, 2<sup>nd</sup> paragraph, 2<sup>nd</sup> sentence), "*yes ORG is open to the public.*" ORG consists of 32 members, and all of them were asked to join by DIR-1. There are no requirements for membership, and there's only one class of membership. To become a member, each individual pays \$, then fills out a card, providing such information as their address and phone number, and in return, the parent organization sends them an identification card indicating what post the member belongs to and the name of the member. New cards are issued every year. Upon becoming a member of ORG the individual receives their first drink for free, and ¢ off each additional drink. In July, dues are collected and remitted to the parent, ORG #1 in City, State. Additional members are recruited by current members or word of mouth.

Requirements to become a subordinate are as follows:

1. Start the chapter with 25 members at annual dues of \$ each. By the seventh year of incorporation the subordinate is required to have 32 members. The dues will be split 50/50 between the parent organization and subordinate for each membership sold after 32.
2. Donate \$ to other approved non-profit entities. All donations must be verified by providing the ORG National Headquarters copies of canceled checks submitted for donations. If donations are given to needy individuals, you must submit the name of the individual, social security number, date of birth, address, the reason for the donation, and the amount of the donation.

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Article III, part 4 of the Articles of Incorporation states that, each ORG post/lodge will be committed to contribute \$ each year to charity(s) of the post/lodge choice. These charities may be within your own community. Verification of donations must be submitted to the ORG National Headquarters monthly to be placed in each post/lodge file.

The only evidence of ORG charitable donations are the cancelled checks written to the beneficiary, and labeled as a ORG donation. The defining characteristic of an organization that operates under the lodge system is to submit proof of their books and records, as well as, submitting proof of their charitable donations. Our examination revealed that ORG held benefits and a horseshoe tournament for needy people within the community.

Article VII in the Articles of Incorporation state the rules and regulations are as follows:

1. Individual subordinates will have monthly meetings and submit meeting records to the ORG Headquarters each month. Meeting minutes should reflect number of people volunteering time devoted to fundraisers or community efforts. Amount of money raised and donated and who the money was donated to. These meeting minutes should reflect the efforts your lodge has made and continue to make within your community.

Our examination revealed that ORG conducts a least one meeting a month at the tavern. The attendees of the meetings are the officers and some of its members. Items of discussion included ideas for various charitable fundraisers. As evidence to support this, DIR-1 provided copies of the minutes that she has forwarded to the parent. The minutes are recorded on a sheet that was provided by the parent.

### **LAW**

Internal Revenue Code subsection 501(c)(10) provides an exemption from Federal income tax for domestic fraternal societies, orders, or associations, operating under the lodge system, the net earnings of which are devoted exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes, and which do not provide for the payment of life, sick, accident, or other benefits.

Treasury Regulation section 1.501(c)(10)-1(a) provides that an organization will qualify for exemption under IRC section 501(c)(10) if it is a domestic fraternal beneficiary society order, or association, described in section 501(c)(8) and the regulations there under except that it does not provide for the payment of life, sick, accident, or other benefits to its members, and devotes its net earnings exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes.

Rev. Rul. 81-117, 1981-1 C.B. 346 states that an organization that does not conduct any fraternal activities or operate under the lodge system, but does operate exclusively for

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the benefit of members of certain related domestic fraternal societies operating under the lodge system, does not qualify for exemption under section 501(c)(10) of the Code.

The reference in section 1.501(c)(10)-1(a) of the regulations to the description of fraternal beneficiary societies, found in section 501(c)(8) of the Code and the regulations there under, is directed at the fraternal and lodge system characteristics which organizations described in sections 501(c)(8) and 501(c)(10) have in common. The reference does not incorporate the subcategory of organizations which operate "for the exclusive benefit of the members of a fraternity itself operating under the lodge system" in its definition of a domestic fraternal organization under section 501(c)(10). Since that subcategory was added to a predecessor of section 501(c)(8) to cover the separately organized insurance branches of the fraternal beneficiary societies, it does not apply to section 501(c)(10) organizations which cannot provide insurance or other benefits to their members.

Furthermore, even though the subject organization is operating for the exclusive benefit of the members of certain related fraternities themselves operating under the lodge system, it does not operate under the lodge system or conduct any fraternal activities. An organization that does not conduct any fraternal activities or operate under the lodge system, but does operate exclusively for the benefit of the members of certain related domestic fraternal societies themselves operating under the lodge system, does not qualify for exemption from federal income tax under section 501(c)(10) of the Code.

Rev. Rul. 73-165, 1973-1 C.B. 224 concerns an organization that was operated under the lodge system, was engaged in conducting fraternal activities, but whose predominant activity was the provision of benefits to its members. The ruling concludes that the organization was described in section 501(c)(8) because there is no requirement that either the fraternal or the insurance features predominate so long as both are present. The ruling is clear, however, that in order for an organization to be described in section 501(c)(8) it must contain substantial fraternal features and conduct substantial fraternal activities. The courts have described fraternal activities as a grouping together of like-minded individuals to accomplish a common purpose. The group must be bound by more than membership in the organization and motivated by purposes other than solely the provision of insurance benefits.

In National Union v. Marlow, 374 F. 775, 778 (1896): the court summed up the nature of a fraternal beneficiary society as follows:

*".... a fraternal-beneficial society ... would be one whose members have adopted the same, or a very similar calling, avocation, or profession or who are working in union to accomplish some worthy object, and who for that reason have banded themselves together as an association or society to aid and assist one another, and to promote the common cause. The term "fraternal" can properly be applied to such an association, for the reason that the pursuit of a common object, calling or profession usually has a tendency to create a brotherly feeling among those who are thus engaged. As a general*

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*rule, such associations have been formed for the purpose of promoting the social, moral, and intellectual welfare of the members of such associations and their families, as well as for advancing their interests in other ways and in other respects...*

*Many of these associations make a practice of assisting their sick and disabled members and of extending substantial aid to the families of deceased members. Their work is at the same time of a beneficial and fraternal character, because they aim to improve the condition of a class of persons who are engaged in a common pursuit and to unite them by a stronger bond of sympathy and interest ...."*

The National Union did not fit this definition, because it was an association of individuals who were associated for the purpose of obtaining insurance. The court concluded that:

*"In its practical operations, therefore, the defendant company cultivates fraternity and confers benefits in the same manner that every insurance company doing business on the mutual plan cultivates feelings of fraternity, and confers benefits upon its members. Or, in other words, when the defendant is stripped of all disguises, and judged by the standard of what it is engaged in doing, and what it was most likely organized to do, it is simply an insurance company which carries on an extensive business on the assessment plan."*

The court stated that the general definition of a fraternity is an organization wherein its members are restricted to a particular class, calling, or profession and that it is essential to membership that they shall have become interested or united in some good work or in some reform which they believe to be conducive to their own welfare, or to the welfare of mankind in general.

The court in Polish Army Veterans Post 147 v. Commissioner, 24 T.C. 891, reversed on other grounds, 236 F.2d 509 (3rd Cir. 1956) concluded that an organization had not established its exemption as a fraternal beneficiary society because members lacked a common tie:

*"To qualify for the exemption an organization must be fraternal .... Here only the active members, comprising less than 10 per cent of the total membership of the Post, had a common tie. They, of course had the bond of having formerly served in the Polish Army. But approximately 90 percent of the total membership of the Post was social members who were not ex-members of the Polish Armed Forces and who ... had nothing in common with the active members or with each other. An organization cannot be classed as fraternal where the only common bond between the majorities of the members is their membership in that organization."*

Fraternal Order of Civitans v. Commissioner, 19 T.C. 240 (1952) provided that the requirement of common ties and objectives is not satisfied merely by a recitation of such purposes in the association's constitution or bylaws. It is necessary that the stated purposes be implemented or accomplished by specific acts. The Tax Court denied



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exemption to an organization whose constitution called for, among other things, the promotion of civic enterprises in the community. It engaged in no civic or charitable activities during the period under review.

The petitioner rented quarters in which it conducted its activities at all times material hereto. It changed the location of its quarters several times. It opened a bar for the first time on December 27, 1944, under a recently obtained liquor license. The record does not show how many members there were prior to that time. 571 beneficiary members and 39 social members paid dues to the petitioner for 1945, and 864 beneficiary members and 45 social members paid dues to the petitioner for 1946. The dues during those years were \$3 for beneficiary members and \$1.50 for social members. The petitioner, in addition to the dues, had receipts from the bar, turkey raffles, and the sale of food, including fish fries and clam bakes.

The record does not show just what the activities of the petitioner were during the taxable years but those shown relate principally to improvements of club house and bar facilities and to the creation of a national organization. Previously new members had been initiated in accordance with a ritual. Initiation was postponed in the early part of 1945 due to the large number of new members. There were initiations later but the record does not show when they took place. The record does not show that the petitioner carried on any charitable or civic activities during the taxable years

The court in Western Funeral Benefit Association v. Hellmich, 2 F.2d 367 (E.D. Mo. 1924), 'Fraternal beneficiary society, order, or association, operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.'

The court, after citing several cases puts the principle in this form: '*These cases show the principle upon which is founded the rule that a claim for exemption from taxation must be clearly made out. Taxes being the sole means by which sovereignties can maintain their existence, any claim on the part of any one to be exempt from the full payment of his share of taxes on any portion of his property must on that account clearly defined and founded upon plain language. There must be no doubt or ambiguity in the language used upon which the claim to the exemption is founded. It has been said that a well-founded doubt is fatal to the claim; no implication will be indulged in for the purpose of construing the language used as giving the claim for exemption, where such claim is not founded upon the plain and clearly expressed intention of the taxing power.*

*There seems to be no question in the case but that plaintiff itself does not operate under the lodge system. The clause 'fraternal beneficiary society, order or association operating under the lodge system' means that whatever the nature of the organization, it must be operated as a lodge in order for the exemption to attach. There are many organizations of this character, and the purpose of the statute, no doubt, was to attempt to cover all, and hence they are designated 'societies, orders, or associations.' No matter how such an organization is designated, it is only in the event that it operates*

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*under a procedure such as that adopted by lodges that it is exempt from taxation. The language is practically the same in both of the exemption statutes involved in this case, and there seems to be no escape from the conclusion that it includes only such societies and orders and associations as operate under the lodge system.*

By the 'lodge system' is generally understood an organization which holds regular meetings at a designated place, adopts a representative form of government, and performs its work according to a ritual. That does not seem to be a very harsh definition of what is usually understood as the lodge system and is not so strict in its requirements as the definitions often stated in the statute books.

The plaintiff, in order to bring itself within the statute, was obliged to establish the fact that it did so operate and this it does not seem to have done.

[3] II. Is the plaintiff exempt from taxation under the second subdivision of the statute? That is, is the plaintiff a fraternal beneficiary society, order, or association operating for the exclusive benefit of the members of a fraternity itself operating under the lodge system? Under this subdivision it does not seem to have been necessary that plaintiff operate as a lodge, provided it is carrying on its activities for the exclusive benefit of the members of a fraternity which does so operate. The plaintiff does not assert that it is carrying on its activities for the exclusive benefit of the members of a fraternity, but contends it is operating for the benefit of the members of many fraternities. Even if the plaintiff is not held to a strict degree of proof in that regard, the burden does seem to be upon it to show that its business redounds to the benefit of members of fraternal orders operating under the lodge system.

It seems to have been fairly well disclosed that plaintiff accepted business from organizations that chose to adopt its plan without any particular inquiry into the nature of the organizations or the manner in which they carried on their business. It is contended that the policy holders of plaintiff, who are not members of duly constituted lodges, are so insignificant that that fact ought not to affect the situation in view of the general nature of plaintiff's business. This probably is true, but the plaintiff is claiming an exemption from taxation and in doing so asserts that it comes within the exemption clause of a certain statute. It does not seem to be asking too much of it that it fairly, if not strictly, bring itself within the terms of the statute. The rule by which we are to be governed, as above stated, required of the plaintiff a strict degree of proof in order to establish its exemption. It seems that it has not brought itself within the statute even if we only require a reasonably and fairly exact degree of proof.

It follows therefore that the judgment must be for the defendant (Hellmich, Collector of Internal Revenue) on both counts of the petition.

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Philadelphia and Reading Relief Association, 4 B.T.A. 713 (1926), held that where the sole motive in joining an organization is to receive insurance benefits, and there are no lodges, rituals, ceremonies or regalia, then there is no fraternal element present.

After the initial case was lost the taxpayers appealed the ruling with the United States Board of Tax Appeals, APPEAL OF PHILADELPHIA reading relief/ ASSOCIATION. Docket No. 5620, Decided August 3, 1926. The ruling handed down reinforced the original judgment. The ruling handed down is as follows: *"As association, not organized for fraternal purposes, having neither lodges, ritual, ceremonial, or regalia, owing no allegiance to any other authority or jurisdiction, and whose members are engaged in numerous and diverse vocations, though employees of a common employer, is not a fraternal beneficiary association operating under the lodge system, and, therefore, is not exempt from taxation.*

The following court case is used to emphasize the fact the even though a guest accompanies a member, if said guest uses his/her own money then the entertainment is not being provided by the member. Waco Lodge No. 166, Benevolent & Protective Order of Elks v. C.I.R., T.C. Memo 1981-546, thus when a guest gambles with his own money, the fraternal organization is providing recreational activities directly to a non-member rather than as a service to members. When a fraternal organization provides recreational activities, such as gambling, to non-members directly, those activities do not have a substantial causal relationship to the organization's exempt purpose of providing social and recreational activities to the member.

The question as to the meaning of "fraternal" was also explored in Wheeler v. Ben Hur Life Ass'n, 264 S.W.2d 289 (1953). The court concluded that the organization was not fraternal.

... The association's constitution and by-laws duly provide for a lodge system, ritualistic form of work, and representative form of government. It has no capital stock and is ostensibly organized solely for the mutual benefit of its members. But actually, while giving superficial attention to these requirements, the Association has been engaged in the life insurance business. The local agent of the Association draws a salary and receives as a commission 50% of the first premium on all insurance policies. He receives a smaller percentage of subsequent premiums ... The Association's constitution and by-laws provisions relative to ritualistic work are observed only perfunctorily ... We are convinced from the evidence in this record that the primary function of the Ben Hur Life Association is to sell insurance, and that the Association actually is an insurance company operating under the guise of a fraternal benefit society.

#### **TAXPAYER'S POSITION**

Unknown, taxpayer did not respond to the first 30-day letter. I'm sending a second 30-day letter on April 7, 20XX.

#### **GOVERNMENT'S POSITION**

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ORG does not meet the requirements of an organization described in IRC section 501(c) (10). Members of ORG do not have a common fraternal bond. The members do not adopt the same or very similar calling, avocation, profession, or are working in unison to accomplish any worthy objective or common cause. ORG has not been operating for religious, charitable, scientific, literary, educational and fraternal purposes, nor has ORG devoted its net earnings exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes. ORG is operating in a commercial manner which is not an exempt activity described under Internal Revenue Code section 501(c) (10).

The term "fraternal" is used to describe an organization that is in the pursuit of a common object, calling, or profession. Examples of fraternal organizations are, CO-2 – CO-3, CO-4 – full-time police officers, CO-5 – all must be a prior to becoming a CO-5, CO-6 – working to make human life more desirable-early members were stage actors, musicians, and playwrights, CO-7 – dedicated to universal peace, and the betterment of mankind. These types of endeavors usually have a tendency to create a brotherly feeling among those who are thus engaged. It is a well-known fact that there are at the present time many voluntary or incorporated societies which are made up exclusively of persons who are engaged in the same avocation. As a general rule, such associations have been formed for the purpose of promoting the social, moral, and intellectual welfare of the members of such associations and their families.

ORG does not have any fraternal activities. Rituals, ceremonies, and regalia are evidence of fraternal activities – you will not find any of these with ORG. Examples of rituals include degrees of membership (CO-2 has 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> degrees, with 4<sup>th</sup> degree the highest order), and officer titles such as , or . ORG doesn't have any rites or rituals when the meetings are held, or when new members are initiated. Also, there's only one class of members, a social class, unlike a typical fraternal organization.

#### Lodge System:

An organization is "operating under the lodge system" if it operates under the general control and supervision of a parent lodge, and is subject to the laws and edicts of the parent lodge. It is generally understood that such an organization holds regular meetings at a designated place, adopts a representative form of government, and performs its work according to a ritual. The courts look to substance over form as in, Wheeler v. Ben Hur Life Association, supra. A similar result was reached in Western Funeral Benefit Association v. Hellmich, supra.

We cannot conclude, on the basis of this record, that you are under the general control and supervision of a parent lodge. You submitted a signed affiliation agreement with the Parent assigning you a lodge number. Although your stated purposes are identical to that of Parent, you submitted no information regarding ORG's charitable or fraternal

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activities, or financial information. The Parent has failed to take any administrative actions against your post for failing to fulfill these requirements.

### **CONCLUSION**

In the case of ORG, it is held that, where the primary purpose or activity of the organization is the commercial manner in which the bar operates. It is not entitled to exemption from Federal income tax as an organization described in section 501(c)(10) of the Code because:

- You are not operated for fraternal purposes:
- You are not operated under the lodge system:
- You do not devote your entire net earnings to exclusively charitable or fraternal purposes.

Consequently, ORG's exemption from federal income tax is being revoked starting January 1, 20XX. Please file U.S. Corporation income tax return form 1120 for tax periods ending December 31, 20XX, as well as, subsequent years.

**"Please note that this is not a final report. The draft report is subject to review and modification by our Mandatory Review staff. You will receive the final report from Mandatory Review."**